

FISCAL NOTE

HB 316 - SB 721

February 16, 2007

SUMMARY OF BILL: Requires a health insurance entity to reimburse a health care provider as an in-network provider for health care services if a Council on Affordable Quality Healthcare (CAQH) credentialing application is submitted but is not processed and completed within 45 calendar days after receipt of the application.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$363,000

Increase Local Govt. Expenditures – Exceeds \$100,000*

Other Fiscal Impact – Increase Federal Expenditures – Exceeds \$637,000

Potential Impact on Health Insurance premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will increase premiums because health insurance plans will have to pay providers in-network rates even if the health insurance entity is not a participating organization of the Council on Affordable Quality Healthcare (CAQH). Such is estimated to exceed \$100,000.

Assumptions:

- Currently, the Bureau of TennCare requires, by contract, MCOs be accredited with the National Council for Quality Assurance (NCQA). NCQA standards prohibit payment to providers who are not credentialed. TennCare would be required to pay health care providers that are not credentialed as in-network providers.
- The MCO management information systems would require modifications to integrate claims and credentialing systems.
- The combination of increased reimbursement to providers and additional system expense for MCOs will result in increased expenditures exceeding \$1,000,000 (\$363,050 in state funds and \$636,950 in federal funds at a match rate of .63695).

- The state and local government health plan options pay out-of-network benefits based on the maximum allowable charge (MAC) and would have no effect on claims cost.
- Local government health plans that are not part of the state health plans would incur an increase in expenditures which exceeds \$100,000 for paying health care providers that are not credentialed as in-network providers.
- The Department of Commerce and Insurance currently monitors timely filing provisions and reimbursements for commercial and TennCare health insurance claims. Any increase could be absorbed within existing resources.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director